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Reply to
Nashville Office

May 2, 2005

Chairman Pat Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

05-00125

RE: Petition of Telcove, Inc., Telecove Operations, Inc., Telcove of Tennessee, Inc., Telcove of Nashville for Approval to Increase the Amount of an Existing Secured Revolving Credit Facility and to Issue New Debt

Dear Chairman Miller:

Please find enclosed for filing, an original and 14 copies of the above referenced Petition. I have enclosed our firm check in the amount of \$25.00 to cover the filing fee. Please date stamp one copy for my records.

Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

Charles B. Welch, Jr.
Charles B. Welch, Jr.

CBW/tp
Enclosures

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: PETITION OF)	
TELCOVE, INC.)	
TELCOVE OPERATIONS, INC.)	DOCKET NO. _____
TELCOVE OF TENNESSEE, INC.)	
TELCOVE OF NASHVILLE, INC.)	

**PETITION FOR APPROVAL TO INCREASE THE AMOUNT OF AN
EXISTING SECURED REVOLVING CREDIT FACILITY AND TO ISSUE NEW DEBT**

TelCove, Inc. ("TelCove"), TelCove Operations, Inc. ("TelCove Operations"), TelCove of Tennessee, Inc. ("TelCove of Tennessee") and TelCove of Nashville, L.P. ("TelCove of Nashville") (collectively "Petitioners"),¹ through their undersigned counsel, hereby submit this Petition for approval to increase the amount of an existing secured revolving credit facility and to issue new debt (the "Petition") to the Tennessee Regulatory Authority (the "Authority") in further and continued compliance with Tennessee Code Annotated Section 65-4-109. Petitioners respectfully request approval from the Authority to increase the amount of an existing secured revolving credit facility and to enter into the loan facility described herein on an expedited basis.

Petitioners submit the following information in support of the petition:

I. PARTIES

TelCove is a corporation duly organized and existing under the laws of Delaware. TelCove's principal office is located at 712 North Main Street, Coudersport, Pennsylvania. TelCove Operations and TelCove of Tennessee are direct, wholly-owned subsidiaries of TelCove. TelCove of Tennessee owns a 95% general partnership interest in TelCove of Nashville. The other 5% partnership interest in TelCove of Nashville is owned indirectly by

¹ On January 31, 2005, in Docket 03-00458, the Authority approved the name changes of Adelphia Business Solutions of Nashville, LP and Adelphia Business Solutions Operations, Inc. to TelCove of Nashville, LP and TelCove Operations, Inc., respectively.

TelCove Operations. TelCove Operations and TelCove of Nashville are certificated by the Authority and operate in Tennessee as facilities-based telecommunications carriers (the "Tennessee Operating Entities").

II. DESIGNATED CONTACTS

The designated contacts for questions concerning this Petition are as follows

Charles B. Welch, Jr.
Farris Mathews Branan Bobango Hellen & Dunlap, PLC
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III. DESCRIPTION OF THE PROPOSED TRANSACTIONS

In Docket No. 04-00168, the Authority approved financing transactions allowing Petitioners to enter into a secured revolving credit facility with Congress Financial Corporation as lead agent for various lenders from time to time, and successors or assignees thereof, in an amount not to exceed forty-five (45) million dollars (the "Credit Facility").² The financing arrangement was approved for the purposes of enhancing TelCove's financial viability as a recently reorganized company. To secure the financing, Petitioners were authorized to pledge the assets of all of its operating entities, including those assets of the Tennessee Operating Entities.

Earlier this year, the Authority approved financing transactions allowing Petitioners to amend and restate the Credit Facility thereby allowing Petitioners to increase the maximum amount of the Credit Facility to sixty (60) million dollars, a net increase of fifteen (15)

² In re Petition of Adelphia Business Solutions, Inc., et al. for Approval to Issue Debt, Docket No. 04-00168, Order Approving Financing Transactions (July 12, 2004)

million dollars.³ The amendment was approved for the purposes of enhancing TelCove's financial strength, providing working capital and for other general corporate purposes. To secure the financing, Petitioners were authorized to pledge the assets of all of its operating entities, including those assets of the Tennessee Operating Entities.

The amended Credit Facility contained an option for Petitioners to increase the maximum amount of the Credit Facility to seventy-five million (75) dollars, a net increase of fifteen (15) million dollars, upon regulatory approval. Petitioners respectfully request such approval from the Authority

The additional fifteen (15) million would be made available to Petitioners and their affiliated co-borrowers through PNC Bank, N.A. Apart from the increased maximum credit line, all other substantive terms and conditions of the Credit Facility will remain substantially unchanged. As such, the Credit Facility will continue to be a secured, revolving line of credit administered by Wachovia Bank, N.A., as successor by merger to Congress Financial Corporation, as a lender and the lead agent for various other lenders from time to time, and successors and assignees thereof. The proceeds from the increase in the amount of the Credit Facility would be used to acquire additional telecommunications facilities, provide working capital and for other general corporate purposes. The assets and collateral of each TelCove operating entity is and will continue to be pledged and each operating entity is acting and will continue to act as a guarantor to the Credit Facility designed to benefit the entire corporation. The stock ownership and management of the Tennessee Operating Entities will not change as a result of the proposed increase in the maximum amount of the Credit Facility.

³ In re Petition of Adelphia Business Solutions, Inc., et al. d/b/a TelCove for Approval to Amend Financing Transactions, Docket No. 05-00041, Order Approving Amendment to Financing Transactions (Mar. 9, 2005)

In addition, Petitioners seek approval for a sixty-five (65) million dollar senior secured multi-draw second lien and first mortgage term loan facility ("Loan Facility"). Subject to various conditions, the Loan Facility will be made available to Petitioners and their affiliated co-borrowers through an administrative agent on behalf of various lenders (the "Lenders") for a period of eighteen (18) months after the Loan Facility's closing date (the "Closing Date").

Upon the Closing Date, the Lenders will make an initial loan (the "Initial Loan") to the Borrowers in an amount not less than forty (40) million dollars, but not more than fifty (50) million dollars. The proceeds from the Initial Loan will be available to the borrowers for capital expenditures, acquisitions and other general corporate purposes permitted under the Loan Facility. Additional loans will be made available to the borrowers over the term of the Loan Facility in an aggregate amount not to exceed the difference between sixty-five (65) million dollars and the amount of the Initial Loan (the "Subsequent Loans"). Proceeds of the Subsequent Loans will be available to the borrowers only for certain acquisitions approved by the Lenders.

To secure the Loan Facility, TelCove must pledge certain assets and/or stock, and obtain guarantees from, its operating entities, including TelCove Operations and TelCove of Nashville. Specifically, TelCove and its subsidiaries, including TelCove Operations and TelCove of Nashville, must grant the Lenders a second-priority perfected security interest in all of their respective tangible and intangible property and assets (the "General Collateral"). The Lenders security interest in the General Collateral will be second only to the security interests granted in connection with the borrowers' existing sixty (60) million Credit Facility. As additional security, TelCove and its subsidiaries, including TelCove Operations and TelCove of Nashville, must also grant the Lenders first-priority perfected liens and mortgages on certain of

their respective real property (the "Mortgage Collateral"). Subject to certain conditions, all obligations under the Loan Facility will be due and payable on June 30, 2008.

The interest rate applicable to amounts drawn from the Loan Facility will accrue according to the formulas set forth in Annex I to the Summary Terms and Conditions ("Term Sheet"). A redacted, public version of the Term Sheet is attached hereto as Exhibit A. The Term Sheet also outlines other key terms and conditions of the Loan Facility.

The Petitioners' execution of the documents and instruments evidencing the Loan Facility will not result in any change of control in Petitioners. The stock ownership and management of the Petitioners will not change as a result of the proposed Loan Facility.

IV. APPROVAL IS IN THE PUBLIC INTEREST

Approval of the Petition is in the public interest as it will enable Petitioners to obtain additional financing and working capital critical to the ability of the Tennessee Operating Entities to continue to offer competitive services in Tennessee.

The proceeds from the proposed transactions will benefit Petitioners, and ultimately consumers, by allowing broader consumer choice, more efficient utilization of existing and to be acquired telecommunications resources and facilities, and product and service innovation. The proposed increased financing will allow Petitioners to continue serving existing Tennessee customers; to construct and operate its network and facilities; and to improve and enhance Petitioners' service capabilities to benefit existing and prospective customers. The requested financing authority will strengthen the Tennessee Operating Entities' ability to compete in the local exchange service market by providing access to greater financial resources. These resources will allow Petitioners to respond to competitive pressures in the evolving telecommunications market and to continue to provide consumers with full facilities-based

competitive choice. Thus, Authority approval of this Petition will bolster the Authority's long-standing goal of fostering full facilities-based competition in the telecommunications market and is in the public interest.

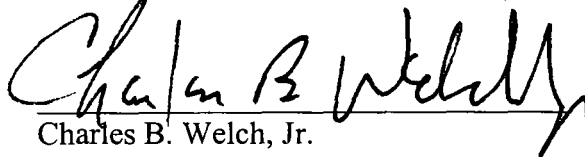
To the extent the financing has an impact on customers, it will be positive. The Tennessee Operating Entities will continue to offer existing customers the same services under the same rates, terms and conditions. There will be no service interruptions or changes to the tariffed conditions of the Tennessee Operating Entities' services as a result of the approval of the transactions described herein.

WHEREFORE, Petitioners respectfully request that the Authority approve the transactions described herein on an expedited basis.

Dated: May 2, 2005

Respectfully submitted,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

A handwritten signature in black ink, appearing to read "Charles B. Welch, Jr.", is written over a horizontal line.

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